

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 EA-07 ISO-00 XMB-02 TRSE-00 OPIC-03

AID-05 CIAE-00 DODE-00 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00 FRB-03

CIEP-01 OMB-01 CEA-01 /089 W
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P R 161000Z AUG 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 4101

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY BONN

C O N F I D E N T I A L KINSHASA 7516

PASS: TREASURY, EXIM, OPIC

E.O. 11652: N/A

TAGS: ECON, EFIN, CG

SUBJECT: FINANCIAL ASSISTANCE TO ZAIRE

1. AFTER THE DUST OF GISCARD'S TRIP TO ZAIRE HAD SETTLED A BIT, I CALLED ON FRENCH AMBASSADOR ROSS WHO SEEMED ANXIOUS TO BRIEF ME ON THE VISIT. OTHER ASPECTS OF THE CONVERSATION ARE REPORTED SEPARATELY, BUT IT WAS CLEAR THAT ROSS WANTED MOST TO SET THE AMERICAN MIND AT EASE CONCERNING FRANCE'S BI-LATERAL DEBT RELIEF. HE REPEATED SEVERAL TIMES THAT FRANCE CONTINUED TO BELIEVE THAT THE BEST WAY FOR ZAIRE TO RESOLVE THEIR FINANCIAL PROBLEMS WAS IN A MULTILATERAL FRAMEWORK, UNDER THE AUSPICES OF THE IMF. FRANCE'S BILATERAL MOVE SHOULD BE SEEN AS PART OF THAT SCENARIO, HE SAID.

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2. ROSS POINTED OUT THAT FRANCE HAD COUNSELED THE GOZ, FOR AS

LONG AS IT FELT ITS OVERALL INTERESTS COULD BEAR, THAT ZAIRE SHOULD TURN TO THE FUND. EVEN WHEN GISCARD DECIDED TO AGREE TO BI-LATERAL HELP, THE FIRST SENTENCE OF HIS LETTER TO MOBUTU ACQUIESCING IN DEBT RE-SCHEDULING POINTED OUT THAT THE BEST SOLUTION WOULD BE WITHIN THE IMF FRAMEWORK. ROSS SAID THAT HE HIMSELF HAD MADE THIS POINT WITH BISENGIMANA AND THAT WHEN GISCARD FOUND THE OCCASION DURING HIS VISIT, HE MADE A SIMILAR PITCH TO MOBUTU.

3. ALL OF ZAIRE'S FRIENDS, ROSS CONTINUED, WANT TO SEE THE GOZ SOLVE ITS PROBLEMS IN A MULTI-LATERAL FRAMEWORK AND ZAIRE SHOULD TURN TO ITS OLDEST AND MOST CONSTANT FRIENDS. NO ONE COUNTRY COULD SOLVE ZAIRE'S PROBLEMS ALONE. I AGREED AND SAID THAT I WAS PLEASED TO UNDERSTAND THAT ZAIRE HAD INVITED THE IMF FOR CONSULTATIONS AND THAT THE FRENCH HAD AGREED TO OPEN EXPLORATORY DISCUSSIONS SOON, IN VIEW OF A FUND MISSION IN LATE SEPTEMBER. ROSS SAID HE WAS DELIGHTED, AND QUICKLY ADDED THAT FRANCE'S BI-LATERAL HELP SHOULD BE SEEN AS PART OF AN OVERALL IMF-LED SOLUTION.

4. I WELCOMED AND WARMLY SUPPORTED ROSS' PRESENTATION AND AGREED WITH HIM THAT ZAIRE'S FRIENDS WOULD BE WILLING TO HELP WHEN THE IMF AND THE GOZ SEE EYE-TO-EYE. I SPECIFICALLY MENTIONED OUR OWN INTENTION IN THIS REGARD AND GUESSED THAT THE OTHER MEMBERS OF THE CONSULTATIVE GROUP WOULD BE FORTHCOMING TOO. I THEN WONDERED IF ROSS THOUGHT FRANCE WOULD CONSIDER ADDITIONAL AID, OVER AND ABOVE THE DEBT-RESCHEDULING. HE BLINKED, AND THEN POINTED OUT THAT THE FRENCH-GOZ LONG-TERM CONTRACT FOR COPPER (SEE SEPTTEL FOR DETAILS) COULD WELL BE TRANSLATED INTO A GUARANTEE FOR A BANK LOAN WHICH WOULD BE INSERTED INTO THE MULTI-LATERAL EFFORT. AS FOR ANY OTHER ADDITIONAL FRENCH AID--ROSS SAID THAT WAS A DECISION FOR THE MINISTRY OF FINANCE--BUT HE DID NOT RULE IT OUT.
WALKER

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